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Anguilla

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I. Background information

A. Geography

1. Anguilla lies 240 kilometres east of Puerto Rico, 113 kilometres north-west of Saint Kitts and Nevis and 8 kilometres north of St. Maarten/St. Martin. The Territory has a relatively flat topography, a total area of 96 square kilometres and includes several offshore islets. The main island has a maximum length of 26 kilometres and a maximum width of 5 kilometres. The capital of Anguilla is The Valley, where 42 per cent of the population resides.

B. History

2. Originally inhabited by the Arawaks, Anguilla was first colonized by British settlers in 1650. For administrative purposes, it was associated with Saint Kitts and Nevis from 1871 to 1980. Following the dissolution of the Federation of the West Indies in 1962, Saint Kitts-Nevis-Anguilla became a State in association with the United Kingdom of Great Britain and Northern Ireland. In 1967, the Anguillan people staged a number of demonstrations to demand secession from Saint Kitts and Nevis. In the referendum held in July 1967, the vote was 1,813 to 5 in favour of independence. As a result, the legal ties to Saint Kitts were severed. Demonstrations and protracted negotiations were followed by the intervention of British security forces in 1969 and the Anguilla Act of 1971, whereby the United Kingdom reassumed direct responsibility for the administration of the Territory, appointed a Commissioner and provided for the establishment of an Island Council. A separate Constitution came into effect in February 1976. In 1980, the Territory formally withdrew from the Associated State of Saint Kitts-Nevis-Anguilla and became a separate dependency (now Overseas Territory) of the United Kingdom.

3. In 1981 further constitutional talks between the Governments of Anguilla and the United Kingdom were held. The Chief Minister of Anguilla recommended that a new constitution, while not providing for a full measure of internal self-government, should nevertheless grant a substantial degree of additional local responsibility to the Government of Anguilla. The Anguilla House of Assembly approved the changes and the United Kingdom enabled the Anguilla (Constitution) Order to come into force on 1 April 1982. An outline of the Order is provided in the report of the United Nations visiting mission to Anguilla of 1984 (see A/AC.109/799, paras. 19-27). After the general election of 1984, the newly elected Government appealed for wider powers for the Executive Council, as well as for more aid and investment in the Territory's economy and infrastructure from the United Kingdom.

4. The latest Anguilla Constitution (Amendment) Order was adopted in 1990. The current Constitution evolved from the 1976 and the 1982 Constitution Orders and is the fourth Constitution that applies solely to Anguilla.

C. Population

5. The latest census was conducted on 9 May 2001. According to the preliminary census estimate, Anguilla's resident population (people who normally reside in Anguilla for at least six months of the year) is 11,300. It is estimated provisionally that 5,570 of these residents are male and 5,730 female, and that 8,130 are adults (15 years and older) and 3,170 children. The de jure population increased over the nine-year period from 1992 to 2001 by 22 per cent, or an average annual rate of about 2 per cent. The de facto population in Anguilla on the night of 9 May 2001 is estimated to have been 11,960, which includes 644 persons who were staying in hotels or on boats on census night and 152 who were visiting from other countries and staying in private homes, but excludes 172 who usually reside in Anguilla but were temporarily absent.[1] There are several thousand Anguillans living abroad, particularly in the United States of America, the United Kingdom and the United States Virgin Islands.

II. Constitutional, legal and political issues

A. Constitutional structure

6. According to the Anguilla (Constitution) Order 1982, the Government of Anguilla consists of a Governor, an Executive Council and a House of Assembly. The Governor, who is appointed by the Queen, is responsible for defence, external affairs,

internal security, public services and offshore finance. On all other matters, the Governor is required to consult with and act on the advice of the Executive Council. The Executive Council consists of the Governor as Chairman, the Chief Minister, not more than three other ministers and two ex officio members (the Attorney General and the Deputy Governor). The House of Assembly is elected for five-year terms. It comprises a Speaker, seven members elected from single-member constituencies, the same two ex officio members as in the Executive Council and two members nominated by the Governor, one of whom is appointed after consultation with the Chief Minister and the leader of the opposition.

7. The powers of the Governor are considerable. He holds executive power to override the decisions of the Executive Council, with the approval of the Secretary of State. He appoints the ministers, the nominated members of the House of Assembly and the Parliamentary Secretary, who may be selected from among the elected or nominated members of the Assembly. The Governor presides over the Executive Council.

8. In May 1997 Governor Robert Harris assumed office. It was proposed that the reserve powers be reintroduced, whereby the Governor (with the consent of the British Government) could amend, veto or introduce legislation. This proposal provoked accusations that the United Kingdom hoped to create a situation in which its dependent Territories would be forced to seek independence. The British Government, however, maintained that the initiative had been prompted largely by a desire to secure Anguilla's financial services sector from exploitation by criminal organizations, particularly drug traffickers.[2]

9. In March 1999 the Government of the United Kingdom issued a White Paper on the relationship between the United Kingdom and its Overseas Territories, entitled "Partnership for progress and prosperity: Britain and the Overseas Territories" (for the text, see A/AC.109/1999/1 and Corr.1, annex). Proposals included the requirement that Constitutions of Overseas Territories be revised in order to conform to British and international standards. The process of revising the Anguillan Constitution began in September 1999. According to some critics, the "high degree of autonomy" mentioned in the White Paper is in fact restricted and limited. The limitations became evident in connection with an Order in Council to legalize homosexuality in Anguilla and other Territories, against the wishes expressed by the people and despite their protests.[3]

10. In July 2001 Anguilla's Government appointed a committee to review its Constitution and weigh proposed revisions that would, for example, provide for more local power and eliminate appointed positions in the legislature. The committee is in the first instance a think tank that will examine the various subjects and suggest options for change.

11. At present the Governor of Anguilla is Peter Johnston, appointed in February 2000.

B. Legal system

12. The law of Anguilla is the common law of the United Kingdom, together with all legislation inherited from the former Associated State of Saint Kitts-Nevis-Anguilla up to August 1971 and the local legislation enacted since that date. The law is administered by the Eastern Caribbean Supreme Court, which comprises a Court of Appeal and a High Court of Justice, courts of summary jurisdiction and magistrate courts. The Chief Justice of the Eastern Caribbean Supreme Court has announced the introduction of new initiatives to improve the functioning of the courts in the subregion, which includes Anguilla. These initiatives include the revision of the Supreme Court rules, case management, the need for court reporting throughout the subregion, computerization, unification of the Family Court, and the need for judicial reform and judicial education. According to press reports, the Anguilla Bar Association agrees in principle with the pursuit of a Caribbean Court of Justice to replace the British Privy Council as the legal redress of last resort, but it has reservations about full implementation. In 1991 the British Government abolished capital punishment for the crime of murder in Anguilla, as well as in several other British Dependent Territories.[2]

13. A number of legislative acts have been adopted in order to improve the regulation of the financial sector of Anguilla's economy, including the Proceeds of Criminal Conduct Act 2000, the Money Laundering Reporting Authority Act 2000, the Anti-Money Laundering Regulations 2000 and the Guidance Notes on the Prevention of Money Laundering.

C. Political parties and elections

14. As reported in the 2000 working paper (see A/AC.109/2000/15, para. 8), constitutional deadlock in 1999 led to a political crisis that was finally resolved by elections in March 2000. These elections brought to power a coalition formed by the Anguilla National Alliance and the Anguilla Democratic Party and led by Chief Minister Osbourne Fleming of the Anguilla National Alliance. This coalition, known as the United Front, was maintained throughout the review period. The next elections are due before June 2005.

D. Political issues

15. In the light of the administering Power's White Paper on the Overseas Territories released in March 1999 (see para. 9 above), which called for a modernization of the relationship between the United Kingdom and each of its Overseas Territories, discussions were held between representatives of the Governments of the United Kingdom and Anguilla on 15 and 16 June 2000. As a result of those discussions, the two Governments agreed on a series of strategic objectives to promote economic and social development and democratic and accountable Government. These were embodied in a three-year strategic country programme, for 2000-2003, by which the Government of Anguilla undertook to implement a plan of action for economic and social development whose provisions included the expansion of public infrastructure, environmental management and improving public services. The Government of the United Kingdom agreed to assist in the implementation of the programme by providing £2.25 million in 2000/01, £1.7 million in 2001/02 and £1.5 million in 2002/03.

16. One aspect of both the White Paper and the strategic country programme was the requirement that Anguilla review its Constitution to ensure that it conformed to the United Kingdom's international obligations, particularly with regard to human rights and financial regulations. In December 2000 the Government of Anguilla decided to establish a Constitutional Review Committee, which decided on a two-stage review process. In the first phase, lasting from January to December 2001, information would be solicited from the general public, academics, international organizations and other Overseas Territories, with a view to assembling elements of a new Constitution that would reflect the ideas of the Territory's population and would be responsive to an increasingly globalized and technological environment. In the second phase, lasting from January to December 2002, recommendations from the consultations held in the first phase would be published, a popular vote would be held on the main elements of the Constitution, and drafting of the Constitution would be completed.

17. The Chairman of the Constitutional Review Committee requested the assistance of the United Nations Development Programme (UNDP) in providing information on, inter alia, the following themes: the role of the State in economy and society; sovereignty in the context of "globalized" decision-making; cooperative governance arrangements; appropriate constitutional forms for small States; methods of phasing in new constitutional arrangements; the rights, duties and responsibilities of peoples; the promotion of civil society; and the development of institutions for popular participation in decision-making.

III. Budget

18. According to the 2002 budget address of the Minister of Finance, problems experienced by the Territory in recent years provide further proof that the economy of Anguilla is strongly influenced by factors beyond its control. On the one hand, it is integrated into the global economy, and is thus dependent on the economic situation in other countries, mainly the United States, the United Kingdom and other European countries. On the other hand, the whole economy is vulnerable to natural disasters. The estimates for the 2001 budget had been made in expectation of considerable growth. However, as the United States economy showed signs of recession, Anguilla had to lower its expectations for economic performance in 2001. The impact of the terrorist attacks of 11 September made the situation much worse. The Minister underlined that 2002 would present a significant challenge to the Government and the people of Anguilla.

19. The total proposed expenditure for the Territory in 2002 is EC$ 101.68 million (the Territory uses the East Caribbean dollar, which is fixed at an exchange rate of US$ 1 = EC$ 2.7). Recurrent expenditure

accounts for EC$ 95.68 million, and capital expenditure for EC$ 6 million. This represents an increase of $6.49 million, or 7.27 per cent, over recurrent expenditure in 2001. Most of the increase will go to the Treasury ($3.57 million), mainly for debt servicing in anticipation of increased borrowing to finance a sizeable accumulated deficit. Additionally, significant increases are estimated for the Education Department ($1.42 million) and the Water Department ($881,430). Estimates have been reduced for some ministries and departments, including Public Administration, the Chief Minister's Office, the Ministry of Home Affairs, Customs, Community Development, Welfare/Social Development and Infrastructure, Communications and Utilities.

20. At the same time, the growing need to improve the social and economic structure of the Anguillan community and economy, as well as to rely more on the Territory's own resources, in accordance with the strategic country programme (see para. 15) requires the Government to commit some portion of capital expenditure for these purposes. Provision has been made to contribute $6 million from Government revenue to essential capital projects in 2002. These include projects in the areas of health and infrastructure, as well as improvements to the Treasury and the Land and Survey Department.

21. The Government's overall capital budget is complemented by grants from overseas and domestic non-governmental sources. The estimates for externally funded capital programmes amount to more than $25 million, to be divided among 30 projects that range from multi-million dollar road projects to small, $20,000 projects. In particular, $9.04 million of this amount will be provided in the form of approved British development aid grants for ongoing projects. A grant of $5.43 million from the European Development Fund will be used for the construction of a road from Blowing Point to Little Harbour.[4]

22. The estimated revenue for 2002 is EC$ 95.84 million. The largest single source of revenue will be customs duties, estimated at $40.20 million, or 42 per cent of total recurrent revenue. Although the customs duties revenue estimate for 2001 has been reduced to $34.27 million because of the sluggish performance of the economy, increases have been forecast for such categories as Import Duty Oil and Gas and Import Duty Other. In the case of Import Duty Oil and Gas, an increase of $2 million, to $7.5 million, is forecast for 2002. Sixty per cent, or $1.2 million, of the increase will come from the collection of duties on diesel sold to the Anguilla Electric Company (Anglec) at $0.40 per gallon. (Anglec has enjoyed duty-free concessions since its establishment in 1991. It is expected to be able to absorb the increase in its costs owing to favourable world oil prices.)

23. Revenue in the Import Duty Other category is estimated at $30 million, an increase of $4 million over 2001. A significant portion of the increase is expected to result from the liberalization of telecommunications and the issuance of a new operating license to the United Kingdom telecommunications company Cable and Wireless, under which the company will no longer enjoy duty-free status for imports used in its operations. Another source of revenue is collection of taxes and fees. An increase in the accommodation tax rate from 8 per cent to 10 per cent took effect in October 2001 and is estimated to bring in $8 million. According to the Minister of Finance, this tax had been under-collected by 20 to 25 per cent over the years, and the problem will be addressed in 2002. The embarkment tax for 2002 is estimated to show a modest increase, from $2.2 million to $2.5 million. As the Government remains committed to implementing the Wallblake Airport Expansion Project, it has decided to further increase the embarkment tax in the near future and bring it to $54 (US$ 20) per person. All of the revenue raised from the increase will be placed into a special Airport Project Fund.

24. Revenue from water charges has been projected at $7 million, which is a rather large increase — $4.5 million — over 2001 revenue. This positive estimate is based on the improvements undertaken by the Water Department, such as the installation of a more efficient billing system and the continuing replacement of iron pipes.

25. Since the commissioning of the Anguilla Commercial Online Registration Network, revenue from the Financial Service Department has been growing at an average annual rate of 30 per cent and is expected to increase by $4 million in 2002. The Government intends to continue its focused marketing efforts to expand the financial services sector of the economy.

26. With respect to the trans-shipment trade (see A/AC.109/2000/15, para. 15, and A/AC.109/2001/13, para.16), the Minister of Finance reported that the

trans-shipment clause had been favourably modified in the new European Union — Overseas Territories and Countries Decision, which was due to become law early in fiscal year 2002. The modified principles and procedures should not cause disputes or interruptions in the trans-shipment trade, as occurred in 1999; however, limits are likely to be placed on the volume of trade. Because the paperwork and negotiations might take a considerable time, no estimates for revenue from this source have been included in the 2002 budget.

IV. Economy

A. General

27. As reported in the previous working paper (A/AC.109/2001/13), after a decade of rapid growth, the economy of Anguilla slowed in 2000 as a result of natural disasters. In particular, hurricane Lenny, which hit at the end of 1999, inflicted US$ 62 million worth of damage. The GDP in 2000 was 3 per cent less than the 5.4 per cent annual average for the previous decade. Although the economy showed signs of recovery by 2001, the economic slowdown in the United States and the downturn in tourism after the terrorist attacks of 11 September had a severe negative impact on the performance of Anguilla's economy. In his 2002 budget address, the Minister of Finance projected that the economy in 2001 would at best show zero growth, or at worst show a second year of decline.

28. The sharp drop in the number of tourists has resulted in an economic contraction and, as a consequence, a decline in government revenues, at least in the short term. In addition to tourism, another substantial source of revenue for Anguilla is remittances sent back to the Territory by several thousand Anguillans working abroad, mostly in the United States, the United Kingdom and the United States Virgin Islands. Such income naturally falls when recession hits those countries' economies. Thus, the slowdown in remittance flows has placed additional pressure on the economy.[5]

29. In recent years the share of Government services in the economy has grown considerably; those services have become the third highest contributor to GDP. Although the 2001 budget projected an increase in government revenue from a number of sources, actual revenue has fallen significantly short of the projections in almost all cases. As a result, government services faced a stringent financial situation in 2001. The intention to issue and sell to the public the Government's shares of Anglec (see A/AC.109/2001/13, para. 20), which could have brought in some $6 million in revenue, has not been realized. The Government promised to implement the sale in 2002. Considerable shortfalls have also been experienced from such sources of revenue as water rates and sales of water and domain name registration. Water rates revenue is expected to fall some $4.6 million short of the target of $7.5 million for the year. Domain name registration, for which $4 million was budgeted in 2001, is expected to miss its target by $3.9 million (see also paras. 47 and 54 below).

30. In 1999 Anguilla recorded a merchandise trade deficit of EC$ 210.47 million, and the deficit in the current account of the balance of payments is EC$ 140.38 million. The principal sources of imports are the United States and Puerto Rico, Trinidad and Tobago, and the countries of the European Union, mainly the United Kingdom. Imports, upon which Anguilla is highly dependent, consist largely of foodstuffs, construction materials, manufactured goods, and machinery and transport equipment. The principal markets for exports are the United States Virgin Islands, Puerto Rico and St. Maarten/St. Martin. The main export commodities are lobsters, fish, livestock and salt. In 2000 a provisional current budgetary deficit of EC$ 5.8 million was recorded. The external public debt totalled an estimated US$ 9.5 million.[2]

31. The Government of Anguilla is constrained by its status as a British Overseas Territory from borrowing freely on the money markets. According to the 2002 budget address, the Government intends to develop a medium-term financing strategy, including a borrowing strategy on a priority basis, particularly because steps need to be taken to deal with the fiscal deficit.

32. The problems faced by the economy of Anguilla during the past year, leading to reduced economic growth, presented significant challenges to the Government in the implementation of the strategic country programme for 2000-2003. Under this programme the Government of Anguilla agreed that it was necessary to diversify the economy so as to reduce its vulnerability to external shocks. In particular, three objectives were delineated: to encourage the growth of new industries and business activities; to maximize tourist industry benefits, in part by encouraging local

ownership of tourist-related businesses and the creation of local employment; and to promote equitable and "pro-poor" economic growth to ensure that economically marginalized groups were actively targeted.

B. Economic sectors

1. Agriculture and fishery

33. Agricultural activity in Anguilla is extremely limited by a combination of factors, including poor soil, the small amount of arable land and irregular rainfall. Notwithstanding the dry conditions and unpredictable rainfall patterns prevailing in Anguilla, agriculture continues to play an important part in the livelihood of the local people and typically contributes between 3 and 4 per cent of GDP.

34. Recent agricultural initiatives include the expansion of the drip irrigation system, the promotion of commercial fruit production, horticultural development and backyard gardening. The principal crops are pigeon peas, sweet potatoes and maize. Other activities have centred on the commercial development of poultry farming, rabbit production and bee-keeping. New techniques in livestock production and fodder conservation are being developed.

35. Agriculture and fishing contributed 2.7 per cent to GDP in 1999 and engaged 4.2 per cent of the employed labour force. According to the Eastern Caribbean Central Bank, agricultural GDP increased by an annual average of 0.2 per cent from 1993 to 1999 and by 7.2 per cent in 1998. Production, however, fell by 11 per cent in 1999, mainly as a result of the devastation caused by hurricane Lenny.[2]

36. During the 1980s Anguilla's traditional industries — boatbuilding, fishing, salt production and livestock rearing — gave way to the controlled development of tourism, along with its associated construction and service sectors, and the establishment of a relatively small offshore banking sector. The island achieved some of the Caribbean region's highest growth rates during that decade.[5]

2. Industry/manufacturing

37. Industry, including mining, manufacturing, construction and power, accounted for 21.1 per cent of GDP in 1999 and engaged 23.7 per cent of the employed labour force. According to the Eastern Caribbean Central Bank, industrial GDP increased by an annual average of 8.6 per cent from 1993 to 1999 and by 8.5 per cent in 1998. In 1999 growth in industrial GDP increased sharply, by 20.3 per cent, primarily owing to increased construction activity.[2]

38. Growth in the construction industry remained relatively high, owing mostly to the reconstruction and rebuilding of property damaged by the hurricanes in 1998 and 1999. According to the Eastern Caribbean Central Bank, GDP in the construction sector increased by 21.2 per cent in 1999, compared to an 8.9 per cent annual average over the preceding six years. The construction industry accounted for 15.3 per cent of GDP in 1999.[2]

39. According to the preliminary census estimate, the total number of buildings in Anguilla is 5,636, of which 3,834 are occupied residential buildings. In addition, there are some 800 vacant or closed residential buildings.[6]

40. The small mining and manufacturing sector comprises salt production, building-block manufacturing and shipbuilding. The mining and quarrying sector contributed only 0.9 per cent of GDP in 1999 and engaged only 0.2 per cent of the working population. Boatbuilding and fish processing accounted for 1.2 per cent of GDP in 1999. The mining and quarrying sector grew by 9.3 per cent in 1999. Total growth in manufacturing GDP reached 59.9 per cent, owing largely to the commencement of building-block manufacturing in 1999.

3. Tourism

41. Tourism continues to dominate the Anguillan economy. It is directly responsible for one third of Anguilla's GDP and generates more than 50 per cent of the jobs in the Territory. In 1999 the hotel and restaurant sector contributed 27.3 per cent of GDP, and tourist expenditure totalled EC$ 154.23 million. In 2000 stopover tourism accounted for 43,789 visitors, down 6.5 per cent from 1999. According to the Caribbean Tourism Organization, from January until March 2001 there were 15,650 arrivals.[7] More than 50 per cent of all tourists come to Anguilla from the United States, and 22 per cent come from Europe, mainly Italy, the United Kingdom and Germany.[2]

42. In 2001 the tourist industry, which was still recovering from the natural disasters of the previous

two years, suffered immediate and severe consequences of the attacks of 11 September. As a result of holiday cancellations and the decline in the number of tourists from the United States, hotels had to lay off workers, and business slowed down dramatically for restaurants, taxis and shops. Owing to the attraction of special deals and cheaper air fares, tourism from Europe was affected to a lesser extent.

4. Finance

43. Anguilla has a small but rapidly expanding international finance sector, specializing in trust and company registration, which brings in about 13 per cent of the Territory's GDP. Anguilla entered the field of financial services relatively late, the key legislation having been passed in 1994. There are no income, estate or capital gains taxes. Nor are there any exchange controls, and although the official currency is the Eastern Caribbean dollar the United States dollar is commonly used.

44. According to Oxford Analytica, because of their late establishment, Anguilla's financial services largely meet current international standards. Nevertheless, in June 2000 the Organisation for Economic Cooperation and Development (OECD) listed Anguilla as one of 35 jurisdictions whose tax regimes were potentially harmful to the rest of the world (see A/AC.109/2001/13, paras. 31-35). In October 2000 a report on Anguilla's financial sector issued by the consulting firm KPMG stated that Anguilla had many of the features necessary to be considered a well-regulated jurisdiction. The report made a number of recommendations aimed at improving Anguilla's regulatory environment. Among them were the establishment of independent regulatory authorities, the introduction of investigative powers to assist inquiries by overseas regulators and the establishment of comprehensive anti-money-laundering frameworks.

45. Some of the jurisdictions on the OECD list have already declared their commitment to comply with requirements and have been removed from the list. According to the latest OECD report, in the light of the better understanding of mutual concerns achieved between OECD members and the jurisdictions on the list, and of continuing discussions on the conclusion of commitments, the deadline for making such commitments was extended to 28 February 2002.[8]

46. In November 2001 the United Kingdom Economic Secretary to the Treasury welcomed the fact that all Overseas Territories had comprehensive anti-money-laundering frameworks fully in place and noted that in the case of Anguilla, legislation was in hand that would allow regulatory cooperation. Concerning the establishment of independent regulatory authorities, the Economic Secretary considered that the development of legislation in Anguilla was at an advanced stage.[9] Further to the Drug Trafficking Offences Act 1988, the following legislation was adopted in 2000: the Proceeds of Criminal Conduct Act, the Money Laundering Reporting Authority Act, the Anti-Money Laundering Regulations and the Guidance Notes on the Prevention of Money Laundering.

47. The Government continued to focus on the development of Internet-based commerce. The Domain Name Registry Project commenced operations in September 2001. Owing to discouraging global economic prospects, the projections for revenue from this source had to be revised downwards, but significant results are expected in 2002. The Government is planning to further expand and diversify financial services. In 2002 it will concentrate on the completion of the e-commerce policy framework, establishing a Financial Services Regulatory Commission and the commercialization of the Anguilla Commercial Online Registration Network technology, which allows entrepreneurs to register a company online within 10 minutes (other Caribbean jurisdictions take at least a full day).

C. Transport and communications

1. Roadways

48. According to 1998 estimates, Anguilla has a total of 279 kilometres of motorable roads, of which 253 are paved. The continuation of the Government's road improvement programme was the second priority of the capital budget (after development of the airport). In 2000 the Government spent EC$ 5 million on roads, most of it financed by the National Bank of Anguilla and the Caribbean Commercial Bank. In its 2001 budget the Government committed EC$ 15 million to road improvement. Of this, $10 million would come from a loan from the Caribbean Development Bank and $5 million from European Development Fund grants.

49. The 2002 budget includes plans for the utilization of EC$ 6 million for the construction of a new road from Blowing Point to Little Harbour, as well as of $5 million

out of a total of $10 million allotted for the continuation of the Hurricane Lenny Road Rehabilitation Project, funded by a Caribbean Development Bank loan; the remaining work is to be completed in 2003.

2. Seaports

50. Anguilla has two ports, one at Blowing Point and the other at Road Bay. In December 1998 Anguilla had five ships registered with Lloyd's of London, with a total displacement of 1,387 tons.[2] In its 2001 budget the Government proposed transforming the Seaport Department into a corporate entity with a view to long-term sustainable and autonomous funding.

3. Airports

51. Anguilla has three airports, two of which are unpaved and have runways less than 1,000 metres long. The main airport, Wallblake, is paved and has a runway of 1,100 metres. As there are no refuelling facilities, aeroplanes can land only when carrying enough fuel to return, limiting the loads they may carry. The Government's top capital expenditure priority in 2001 is the acquisition of land near the airport in order to begin expanding it in 2002. Despite financial difficulties, the Government remains committed to implementing the Wallblake Airport Expansion Project. It is projected that more than $20 million in local capital alone will be spent to move the project forward. An additional $3 million will be spent on the preparation of technical documentation for further development, corporatization or commercialization of the airport (see para. 21).

4. Communications

52. Anguilla has a modern internal telephone system and a microwave relay to St. Maarten/St. Martin for international calls. The system is operated under a monopoly by Cable and Wireless, which has a number of Caribbean franchises. According to the Government's budget, in 1999 the communications sector accounted for 11.9 per cent of real GDP, an increase of 9.4 per cent over 1998. The increase was attributed to the continued expansion of telecommunications and cable television companies.

53. Among measures to improve the economic situation in the Territory, the Government proposed the liberalization of the telecommunications sector. The Ministry of Infrastructure, Communications and Utilities produced a telecommunications policy document and a timetable for phased liberalization, to be implemented from 2001 to January 2003. These plans have been criticized by the former Chief Minister, who fears that the ongoing liberalization of the telecommunications sector in Anguilla could have negative effects on the economy and the society in general, such as loss of jobs.[10]

D. Water system, sanitation system and utilities

54. In general, the Government committed itself, in the strategic country programme formulated with the administering Power (see para. 15), to improving the quality of its public utilities infrastructure (see A/AC.109/2001/13, para. 40). As was reported in 2001, the Government expected to increase water revenue from $3 million to $7.5 million. A substantial part of this increase was expected to derive from an agreement signed with Ionics-Aqua Design to increase its sales to the Government from 500,000 gallons to 750,000 gallons daily in 2001. The actual gain was supposed to come with the simultaneous improvement of water infrastructure, mainly replacement of pipes, and the introduction of a comprehensive billing system that would have compensated for the Government's expenditure for purchasing and delivering water. Regrettably, the realization of the project did not go smoothly. According to the Minister of Finance, the situation in terms of water rates and sales of water is grave. Water Department expenditure has traditionally exceeded revenue by more than 300 per cent. When the contract with Ionics-Aqua Design came into effect, the financial situation changed radically for the worse. Under the contract, the Government was obliged to purchase specified quantities of water. At the same time, the billing system was not implemented and the replacement of pipes was not carried out. As a result, there was an almost six fold increase in the annual deficit relating to direct revenue from water (see para. 29 above).

V. Social conditions

A. General

55. Living standards and social indicators in Anguilla compare favourably with those of other countries in the region. The literacy rate is 95 per cent, life expectancy is 76 years (73 for men and 79 for women) and the infant mortality rate is 25 deaths per 1,000 live births.[11]

56. Anguilla has had a social security scheme since 1982. In the 2001 budget the Government announced plans to establish a permanent programme within the Social Security Board to assist the elderly and other economically deprived groups. In 2002 the Minister of Finance reported that the British Government had provided assistance for initial studies and was funding the Country Poverty Assessment Project. The results of these undertakings will determine the extent of further assistance to vulnerable social groups.

B. Labour

57. According to the most recent census, in 1992 the economically active population in Anguilla (persons aged 14 years and over) numbered 4,446 (2,553 males and 1,893 females). At that time, 35 per cent worked in tourism, 23.5 per cent in community, social and personal services, 18 per cent in construction and 5.2 per cent in financing and insurance. Unemployment was 7 per cent.[12]

C. Education

58. Education is free and compulsory between the ages of 5 and 14. There are six government primary schools and one government secondary school, the Albena Lake-Hodge Comprehensive. As part of the government policy to enable Anguilla to meet both its present and future needs, the problem of overcrowding is being addressed by the construction of another campus, as well as the implementation of curriculum reforms.

59. According to the Minister of Finance, in 2002 the Government will focus on planning for the rehabilitation and upgrading of the facilities of the Albena Lake-Hodge Comprehensive secondary school and the expansion of educational service delivery to include tertiary-level programmes, especially in tourism and technical and commercial occupations and subjects. The Government also intends to develop plans for adult and continuing education and to hold initial discussions on the need for a community college.

D. Public health

60. The economic problems of 2001 and the non-realization of revenue have affected the projections for 2002. The Government remains committed to providing primary health care for all Anguillans. Its health priorities in 2001 included the conversion of the Princess Alexandra Hospital to a statutory health authority; the strengthening of the Primary Health Care Department; the expansion of mental health and psychiatric services; the development of the Environmental Health Section of the Primary Health Care Department; and the improvement of the coverage and quality of solid-waste disposal services. In 2002 the Government plans to transform the Primary and Secondary Health Departments into a Health Authority. Among the priorities will be the expansion of the Water Laboratory, the completion of the maternity suite at the Princess Alexandra Hospital and the completion of the dialysis facility.

61. In June 2001 the Centers for Disease Control and Prevention (CDC) announced plans to expand its Global AIDS Program to address the HIV/AIDS epidemic in the Caribbean and Latin America, where HIV rates are the highest in the world outside Africa. One in 50 persons in the Caribbean is infected. CDC will work in partnership with the Caribbean Epidemiology Centre to assist with HIV prevention efforts throughout the Caribbean. Combating the epidemic in the region requires a strong focus on prevention and access to high-quality, humane care and treatment and the preservation of the dignity of those infected and living with HIV/AIDS.[13]

E. Immigration

62. Anguilla's rapid economic development, over the past decade in particular, has created a demand for labour from outside the island. In 2000 the net migration rate was 19.75 migrants per 1,000 inhabitants. Immigration was regulated according to Anguilla's Immigration and Passport Ordinance and its Control of Employment Ordinance, both enacted in 1980. According to the latter, work permits cannot be granted for more than four years, except in cases where the skills of the person involved are considered critical to the development of Anguilla. The Ministry of Home Affairs, which governs the Immigration and Labour Department, suspects that a number of expatriate workers have remained on the island illegally, beyond the expiration of their work permits. According to the Ministry's 2001 policy, those who are illegally residing on the island may be favourably considered for permits of permanent residence if they have been continuously resident in Anguilla for at least 10 years and if they have submitted an application for permanent residence by 31 December 2001.

63. The Department also noted the need to harmonize its immigration policy with the British Nationality Act of 1981 and the European Convention on Nationality, particularly with respect to residence without immigration restrictions, statelessness and basic human rights relating to residence status. In order to better manage its immigration policy, the Government proposed in its 2001 budget the restructuring of the Immigration and Labour Department as two separate departments within the Ministry of Home Affairs.

64. In accordance with its intentions announced in the White Paper on the Overseas Territories, the United Kingdom Government offered British citizenship, along with the right of abode, to qualified residents of the Overseas Territories. Originally, the administering Power had suggested that citizenship and right of abode should be reciprocal between the Overseas Territories and the United Kingdom, but ultimately agreed to drop reciprocity, acknowledging that the size of the Territories and their populations would not allow an influx of possibly large numbers of outsiders. People who take advantage of the new status will gain the right to travel freely throughout the European Union.[14]

65. In July 2001 the British Overseas Territories Bill had its second reading in the British Parliament. According to the bill, citizens of British Overseas Territories will automatically become British citizens, meaning they will not have to apply for citizenship, although they will have to apply for a British passport in order to have documentary evidence of their new status and to facilitate travel.

F. Human rights and related issues

66. The Territory is subject to certain major human rights conventions that were acceded to by the administering Power. These include the International Convention on the Elimination of All Forms of Racial Discrimination and the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

67. Human rights issues in the Overseas Territories were addressed by the administering Power in the White Paper (see para. 9 above). With respect to the possibility of reforming current legislation banning homosexual acts, the former Chief Minister of Anguilla expressed his opposition to initiating a bill to such effect in the Anguilla House of Assembly.

68. In December 2000 the United Kingdom Privy Council amended the laws of all British Caribbean Overseas Territories to decriminalize private homosexual acts between consenting adults. This action was taken after Governments of Overseas Territories informed the United Kingdom that they would not reform their own legislation on the question.[15]

G. Crime

69. The crime rate in Anguilla is relatively low by regional standards. According to an international narcotics control strategy report on the Caribbean issued by the United States Department of State in March 1999, the British Overseas Territories in the Caribbean generally are not significant drug-producing locations, but Anguilla's geographical position makes it a prime trans-shipment route, particularly vulnerable to airdrops of cocaine in the surrounding seas and offshore islands. However, cooperation among Anguillans and French and Netherlands officials in St. Maarten/St. Martin is good. Senior police officers routinely hold joint meetings to address issues and exchange drug-related information. The French authorities in St. Martin have become more active in taking measures to reduce the transfer of small quantities of drugs to Anguilla via passenger ferry.[16]

VI. Environment

70. In addition to the environmental programmes described in the 2000 working paper (see A/AC.109/2000/15, paras. 32-34), the Government of Anguilla is committed to an action plan on the environment as part of its strategic country programme agreement. The action plan (see para. 15) commits the Government, inter alia, to the following actions: promoting high-quality environmental appraisal within the planning and development process to ensure that environmental risks are integrated into development projects; developing a capacity within government and civil society to implement environmental management systems; establishing protected areas for key terrestrial and marine habitats; implementing an effective national fisheries management plan; introducing air, noise and litter pollution measures by mid-2001; developing a solid-waste collection and disposal system; and maintaining standards of water quality control. In 2002 the Government plans to proceed with the

establishment of the Fountain National Park and the implementation of the biodiversity and national parks programme, both of which will require significant capital investment and technical assistance. The Government intends to seek funding for these programmes from external sources and from non-governmental local sources during the year.

VII. Relations with international organizations/arrangements

71. In April 1987 Anguilla became the eighth member of the Eastern Caribbean Central Bank. The Territory is also a member of the Organization of Eastern Caribbean States and an associate member of the Association of Caribbean States and the Economic Commission for Latin America and the Caribbean. As a dependency of the United Kingdom, Anguilla has the status of Overseas Territory in association with the European Union. In 1999 Anguilla was granted associate membership of the Caribbean Community and Common Market.[2]

72. The Government of Anguilla cooperates directly with other Caribbean Governments and participates in regional conferences and projects organized by Governments and regional and international organizations and agencies. The first UNDP country cooperation framework for Anguilla, which was approved by the Executive Board in 1997 for the period from January 1997 to December 1999, was extended to December 2000, owing to the fact that national development priorities have not changed and therefore the component projects of the framework remain relevant (see DP/CCF/ANL/1/EXTENSION I). The Territory is a member of the Caribbean Development Bank and the University of the West Indies, and is represented at the annual meetings of the Caribbean Group for Cooperation in Economic Development, sponsored by the World Bank. Anguilla participated in the Global Conference on the Sustainable Development of Small Island Developing States in 1994 as a member of the United Kingdom delegation. On that occasion the Chief Minister stated that, because Anguilla had a tourist economy, the island had a high per capita income and as a consequence did not qualify for many United Nations aid programmes. He said that while it was true that very high wages were paid to the top 10 per cent of expatriate technical and managerial staff in the tourism and now growing financial services industries, the bulk of local workers were paid very low wages. He felt that that was unfair and that the means of assessing the needs of the Territory should be revisited.

73. As a British Overseas Territory, Anguilla's relationship with the European Union is governed by Britain's legislation and British agreements with its European partners.

VIII. Future status of the Territory

A. Position of the territorial Government

74. The constitutional review is being undertaken by the Constitutional Review Committee, set up by the territorial Government in cooperation with the administering Power and with the assistance of UNDP (see paras. 10, 16 and 17). In January 2001 Anguilla was to commence a series of town hall meetings to discuss proposed constitutional amendments and the Territory's relationship with the United Kingdom. In that same month, following the United Kingdom's incorporation of the European Convention on Human Rights, homosexuality was legalized in Anguilla.[2]

B. Position of the administering Power

75. On 8 October 2001 the representative of the United Kingdom made a statement before the Special Political and Decolonization Committee (Fourth Committee) (see A/C.4/56/SR.3) in which she welcomed the opportunity to present her country's position as an administering Power and reported on further progress made towards the modernization and development of the relationship between the United Kingdom and its overseas Territories.

76. The United Kingdom representative said that the third meeting of the Overseas Territories Consultative Committee, held in London in September 2001, had been hosted by Baroness Amos, who was appointed Foreign Office Minister for the Overseas Territories in June 2001. The Consultative Committee provided a forum for structured political dialogue and exchange of views between the elected representatives of the Overseas Territories and Her Majesty's Government. The meeting was an opportunity to continue dialogue on the management of public affairs and future development of the Overseas Territories, and it enabled

ministers and Overseas Territories' Governments to consult on matters such as the process of constitutional review and human rights issues arising from the United Kingdom's international commitments.

77. The representative of the United Kingdom said its partnership with its Overseas Territories continued to evolve and progress. On 21 June 2001 the Government had introduced to Parliament the British Overseas Territories Bill, which would grant British citizenship, with the right of abode in the United Kingdom, to citizens of 13 of the 14 British Dependent Territories, in fulfilment of a commitment made in the 1999 White Paper on the relationship between the United Kingdom and the Overseas Territories. The bill would also formally change the nomenclature from "dependent" to "overseas" territory so as to reflect more accurately the nature of the relationship. The United Kingdom and most Overseas Territories had adopted an Environment Charter on 26 September, which set out 10 guiding principles expressing the key environmental commitments that the international community had adopted. These were followed by specific commitments on the part of the United Kingdom and Overseas Territories' Governments, indicating how they would work in partnership for the benefit of the environment. It was a good example, the representative of the United Kingdom said, of how progress could be made by working together in an area of mutual interest, which was critical to the future prosperity, well-being and even survival of many of the Overseas Territories and their communities.

78. The representative of the United Kingdom pointed out that, as the record showed, for the United Kingdom the wishes of the peoples concerned, exercised in accordance with the principles set out in the Charter of the United Nations and in other international treaties, were of paramount importance. The relationship of the United Kingdom with the Territories continued to be based on the following fundamental principles: self-determination, mutual obligations, freedom for the Territories to run their affairs to the greatest degree possible, and a firm commitment from the United Kingdom to help the Territories economically and to assist them in emergencies. The representative of the United Kingdom said she was sure the Committee recognized the basic commonality between the approach of the British Government and that of the Committee.

79. Nevertheless, she stated, it was a pity that while there was so much in common in their approaches, this was not always properly reflected in all relevant resolutions, in particular those of the Special Committee. Her delegation welcomed the fact that the annual omnibus resolution stated that in the decolonization process there was "no alternative to the principle of self-determination", but regretted that the Special Committee continued to apply that principle selectively, a principle enshrined in the Charter of the United Nations and the International Covenant on Civil and Political Rights.

80. The United Kingdom, she stated, would continue to work to improve its cooperation with the Special Committee. A representative of the United Kingdom had attended the Regional Seminar held in Havana in 2001.

81. The United Kingdom welcomed the efforts begun by the Special Committee, under the constructive leadership of Peter Donigi, to pursue informal dialogue with the administering Powers with a view to the possible removal of Territories from the Committee's list. Careful preparation would be necessary before substantive progress could be expected, but the United Kingdom remained ready to cooperate with the Committee in those efforts.

C. Consideration by the United Nations

82. On 10 December 2001 the General Assembly adopted resolution 56/72 B, section II of which is specifically devoted to Anguilla.

Notes

[1] www.gov.ai/census/information.htm.

[2] *Europa World Yearbook 2001*, 42nd ed., vol. II: "United Kingdom Overseas Territories: Anguilla".

[3] Prospects for the Political and Constitutional Advancement of Anguilla: discussion paper presented at the United Nations Caribbean Regional Seminar, Havana 2001, by Phyllis Fleming-Banks.

[4] Budget address, 2002.

[5] NewsEdge, 14 January 2002.

[6] www.gov.ai/census/prelim.htm.

[7] The Economist Intelligence Unit Limited 2002.

[8] The OECD Project on Harmful Tax Practices: 2001 progress report, para. 33.

[9] www.fco.gov.uk.

[10] NewsEdge, 28 September 2001.

[11] *CIA World Factbook 2000* (www.cia.gov/cia/publications/factbook/geos/av.html).

[12] *Europa World Yearbook 2000*, 41st ed., vol. II: "United Kingdom Overseas Territories: Anguilla".

[13] NewsEdge, 6 August 2001.

[14] Foreign and Commonwealth Office, "Focus International", July 2000.

[15] *The Island Sun*, 21 December 2000.

[16] James Information Group, "Central America and the Caribbean Risk Pointers — Anguilla", 17 August 2000.